FUNDAMENTAL PETROLEUM TRENDS

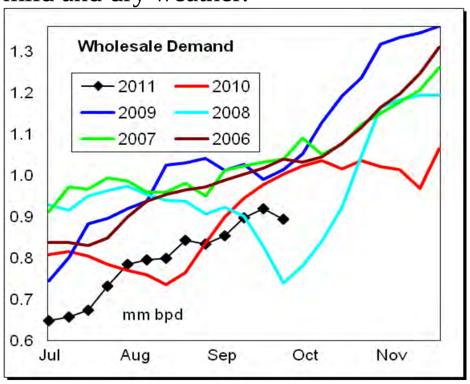
# WEEKLY PROPANE SUPPLY-DEMAND-PRICE TRENDS

## A Fundamental Petroleum Trends Weekly Report

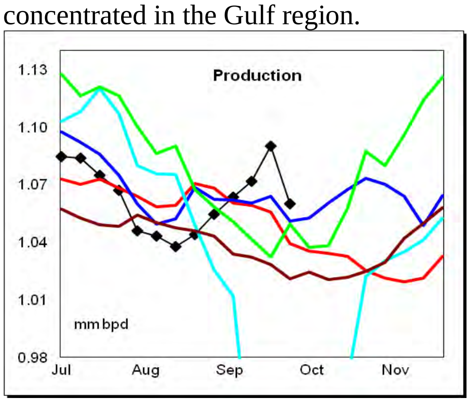
Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, October 05, 2011

Summary[1]: **Table of Contents**

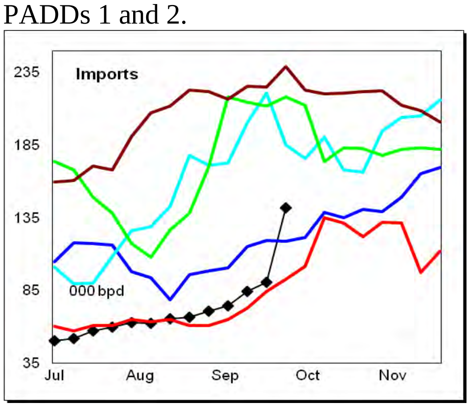
Wholesale demand declined -65,000 bpd on the week, the result of weak agriculture and heating demand due to mild and dry weather.




Production fell -40,000 bpd on the week, concentrated in the Gulf region.

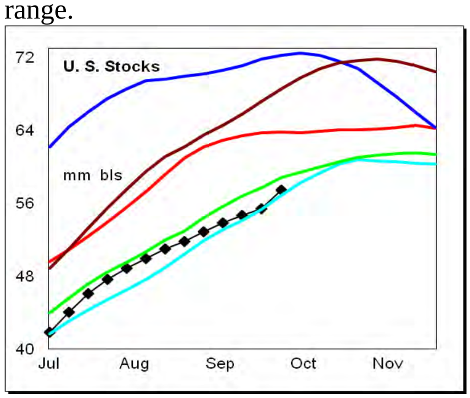



Imports increased +29,000 bpd on the week, with the increase concentrated in PADDs 1 and 2.

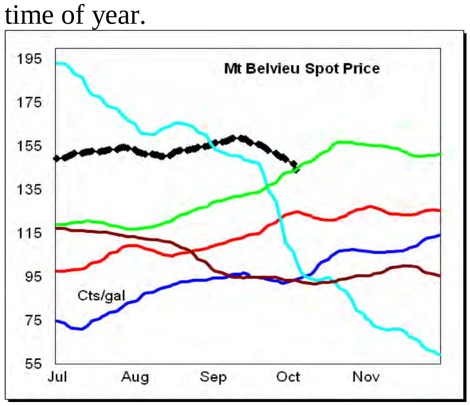



Combined production and imports during the latest 4-wk period were +51,000 bpd above a year ago. Production was +40,000 bpd above last year, while imports were +11,000 bpd higher. The latest 4-wk average demand was -103,000 bpd below last year.

Stocks increased +1.2 million barrels last week. The 4-wk stock change was a build of +5.1 million barrels, a level above the historic mid range.




Price and Spreads Mt Belvieu spot prices decreased -9.50 cpg for the week ending 04Oct11, while Conway spot prices declined -3.50 cpg for the same period. The price level ended the week at the upper end of the 5-year range for this time of year.



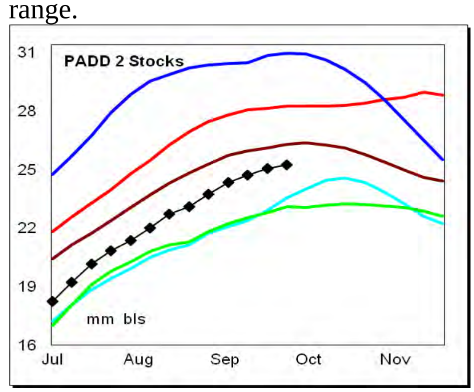

**The Conway – Mt Belvieu** price spread trended higher last week, in favor of Conway. The spread ended the week at levels which matched historic lows for this time of year.

The propane to natural gas price spread trended lower late in the week, although the level remains near record highs.

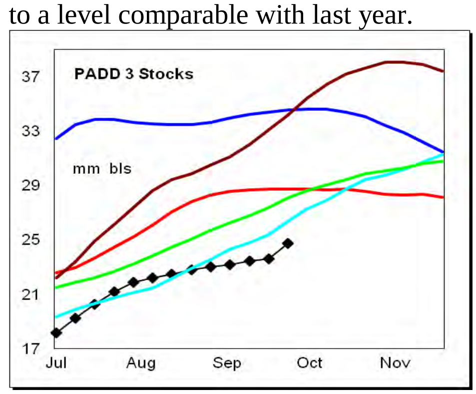
The propane / crude oil price spread trended higher on the week. The level reached new highs during the week, due to the pull back in WTI crude oil prices.

PADD 1 stocks increased +0.4 million barrels last week, as a result of the spike in imports. Stock levels were above the historic range. Supply for the latest 4-wk period was +29,000 bpd above last year.

PADD 2 stocks were unchanged on the week. Supply increased +16,000 bpd on higher production and imports. The latest 4-wk average supply was -13,000 bpd below a year ago, on lower imports. Stock levels are well below the mid range.




PAD 3 stocks increased +0.8 million barrels on the week, with the 4-wk rate of stock building above the last 2-years. Stock levels ended the week well below the 5-year range for the week. Production fell -39,000 bpd on the week, to a level comparable with last year.




PADDs 4 & 5 stocks were unchanged on the week. The stock level was comparable to the last 2-years.

**Emerging Trends** The sharp drop in Mt Beliveu spot prices and above average stock builds point to a slowdown in exports; consistent with evidence of slower global economic growth. Combined with the dry, mild fall weather that has constrained domestic use, there is meaningful downside price risk during the quarter.

[1] Source is latest EIA Weekly Statistics

# PROPANE: Graph Link and Weekly Summary

October 5, 2011

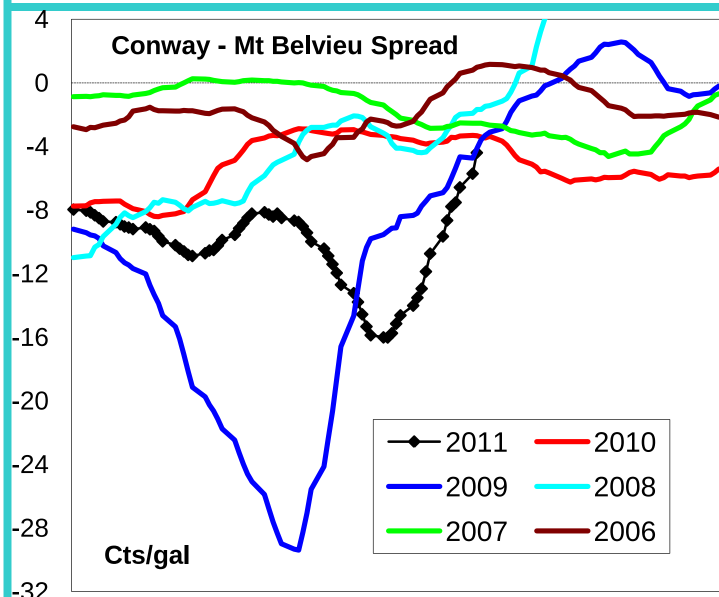
## Fundamental Trends for the Week Ending: Friday, September 30, 2011

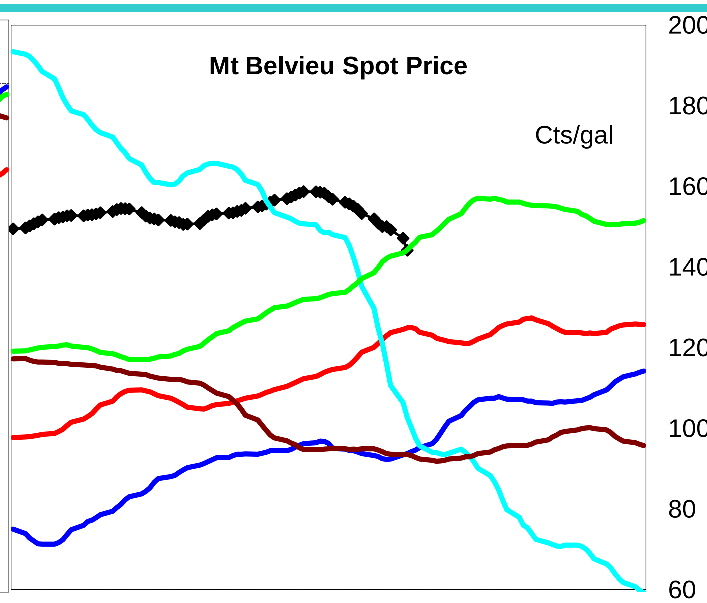
| 000 bpd<br>Stocks 000 bls | Weekly Supply-Demand | | | | | Change from prior week: | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | U.S. | PADD | | | | U.S. | PADD | | | |
| | Total | 1 | 2 | 3 | 4&5 | Total | 1 | 2 | 3 | 4&5 |
| Stocks | 57,473 | 5,307 | 25,230 | 24,730 | 2,206 | 1,247 | 390 | 6 | 812 | 39 |
| Propylene Stocks | 3,354 | | | | | 158 | | | | |
| Production | 1,060 | 51 | 260 | 694 | 55 | -40 | -4 | 6 | -39 | -3 |
| Imports | 142 | 73 | 52 | 5 | 12 | 29 | 14 | 10 | 5 | 0 |
| Whsle Demand | 933 | | | | | -65 | | | | |

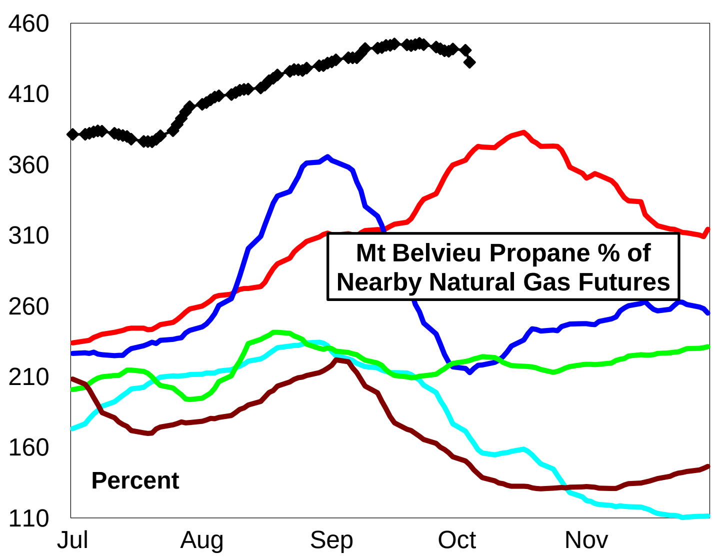
## Price Trends for the Week Ending: Tuesday, October 04, 2011

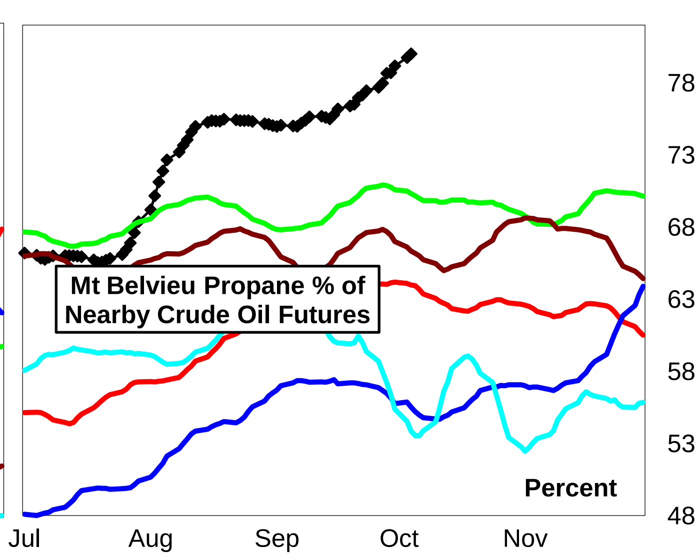
| Cents/gal | Average for week ending: | | | | Change from: | | | % change from: | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 10/4/11 | 9/26/11 | 9/5/11 | 10/6/10 | 9/26/11 | 9/5/11 | 10/6/10 | 9/26/11 | 9/5/11 | 10/6/10 |
| Mont Belvieu Spot | 149.2 | 151.5 | 156.8 | 125.9 | -2.22 | -5.33 | 30.86 | -1.5 | -3.4 | 24.5 |
| Conway Spot | 142.7 | 141.8 | 143.9 | 122.5 | 0.87 | -2.07 | 21.35 | 0.6 | -1.4 | 17.4 |

## Key Price Spreads and Differentials



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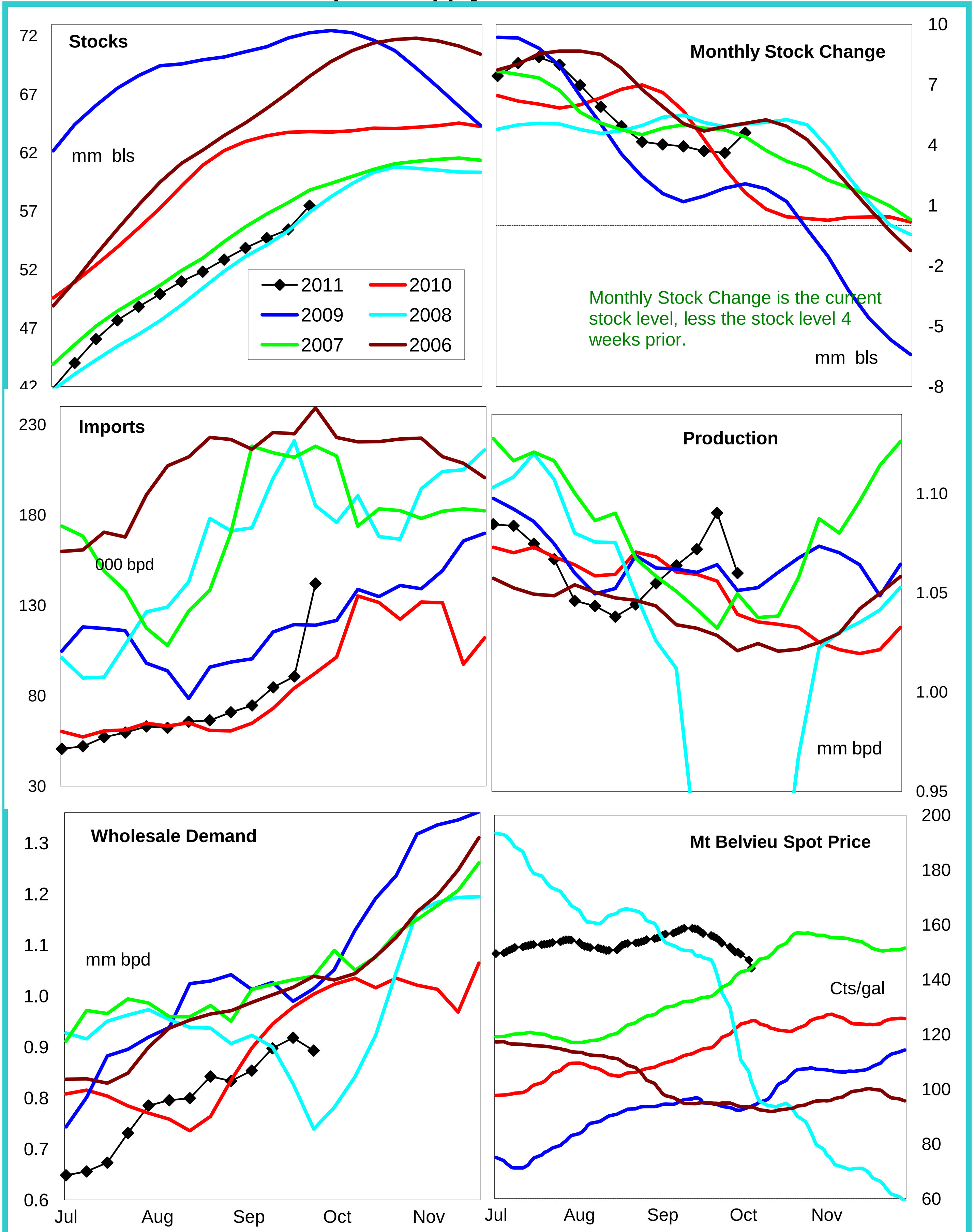
# U. S. Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Demand | 4wk avg | Aug | Jul | Jun |
|---|---|---|---|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -6,515 | 2,978 | 40 | 11 | | -103 | -106 | -186 | -153 |
| % change | -10.2 | 183 | 3.8 | 11.9 | | -9.7 | -10.9 | -20.3 | -17.0 |



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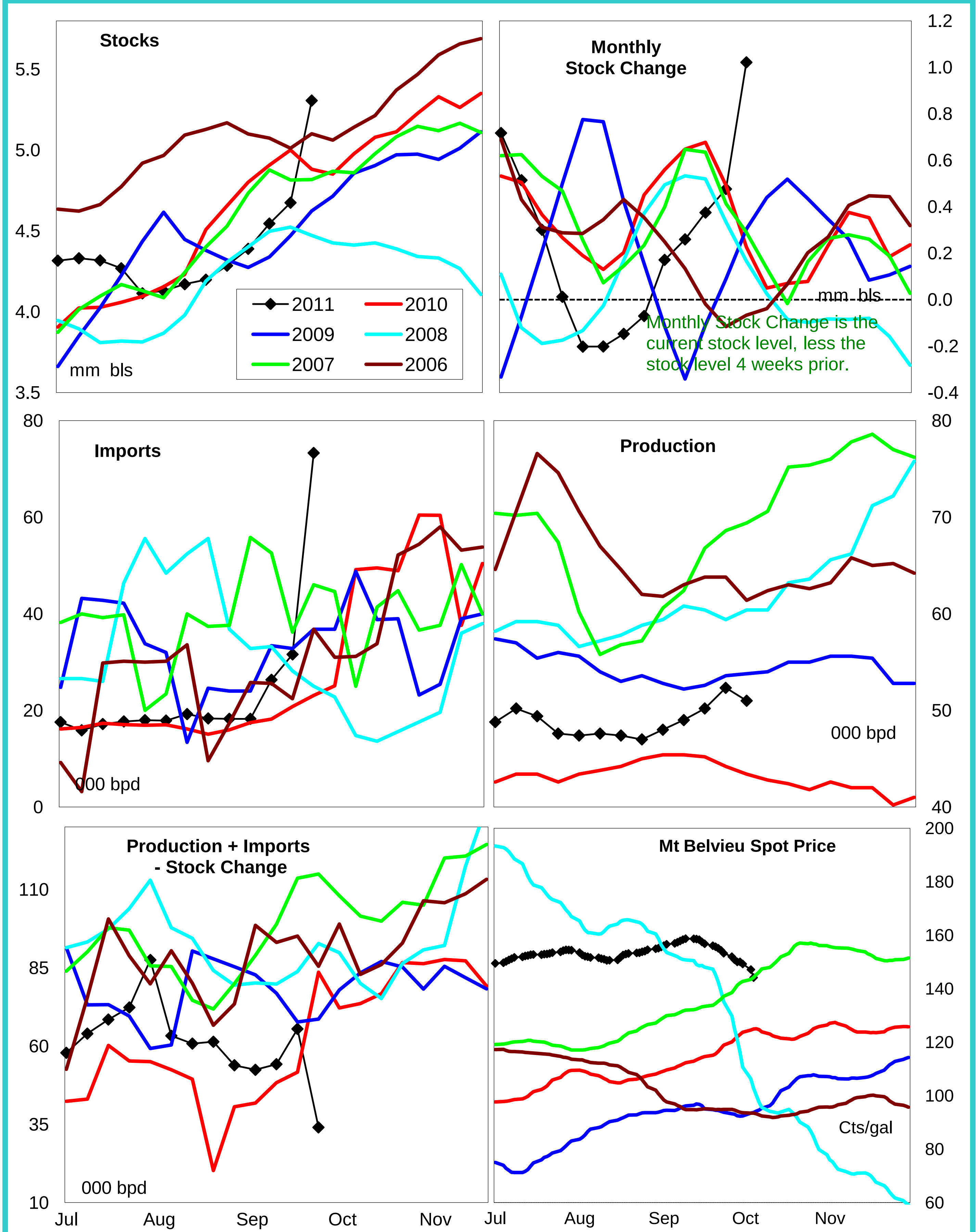
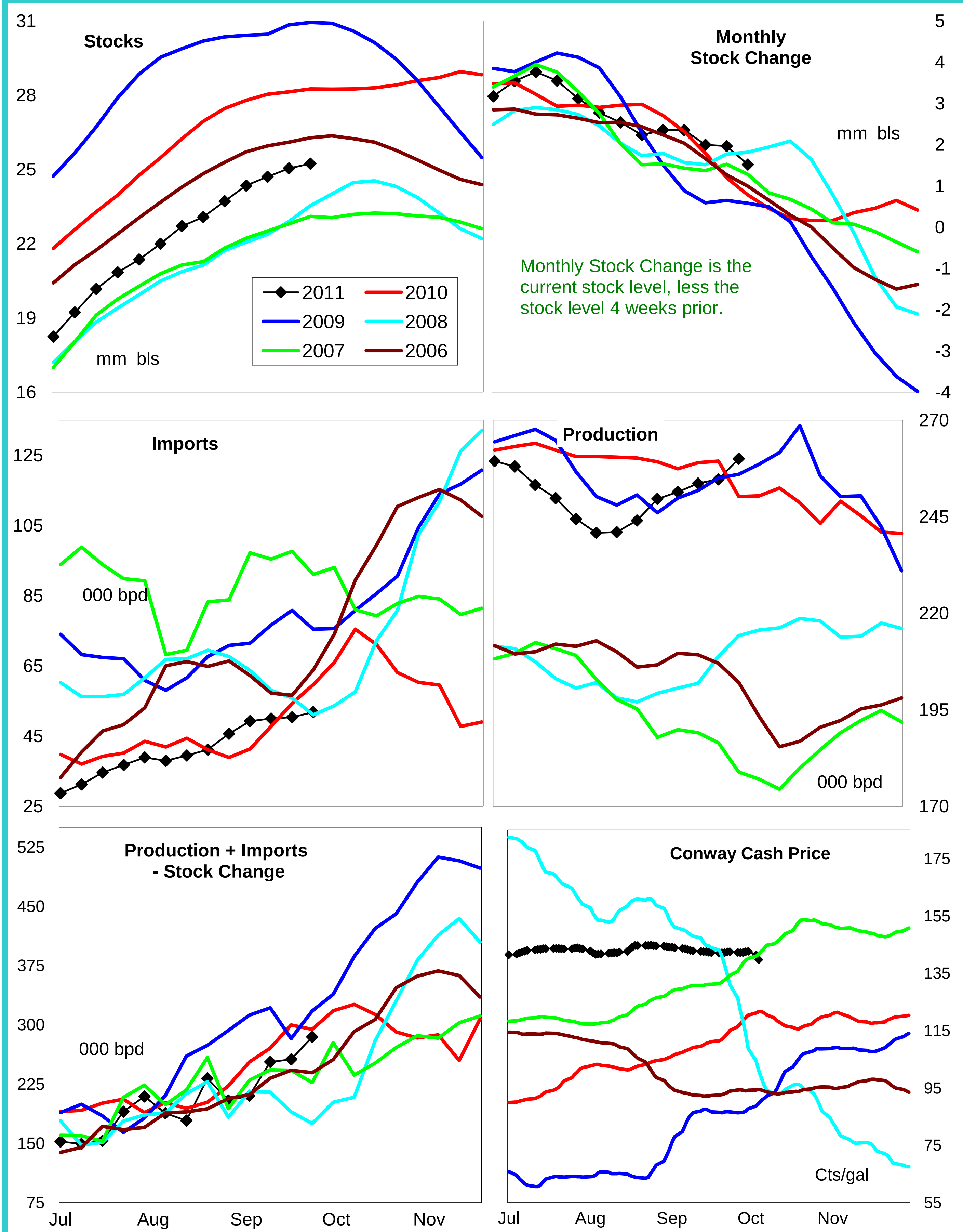
# PADD 1 Propane Supply and Demand Balance



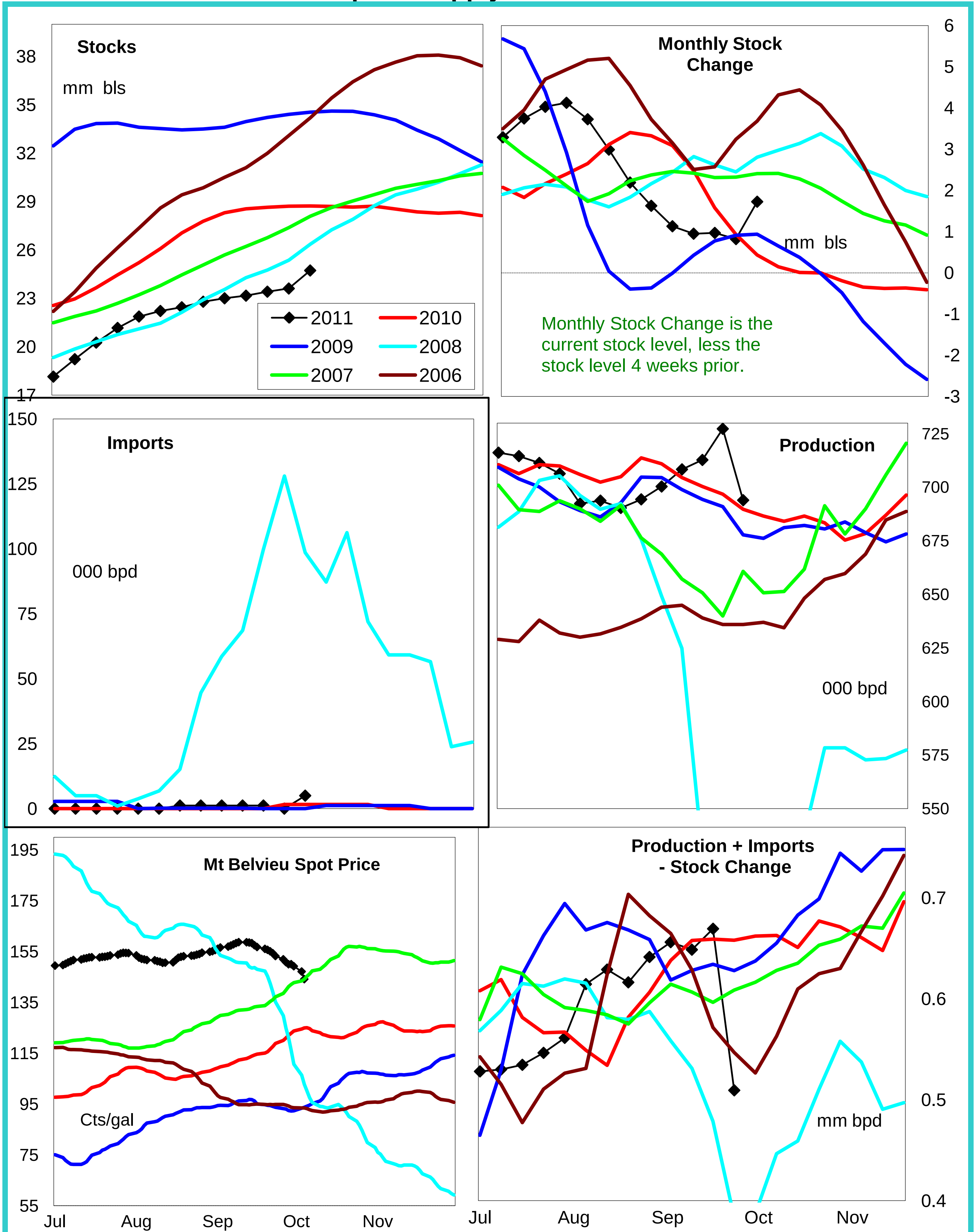

| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 446 | 795 | 9 | 20 | -5 |
| % change | 9.2 | 350.4 | 20.9 | 86.8 | -8.5 |

# PADD 2 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -3,138 | 736 | -4 | -9 | -28 |
| % change | -11.1 | 94.2 | -1.3 | -15.6 | -10.1 |

# PADD 3 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | -4,018 | 1,293 | 35 | -1 | -32 |
| % change | -14.0 | 299.2 | 5.0 | -37.5 | -4.7 |



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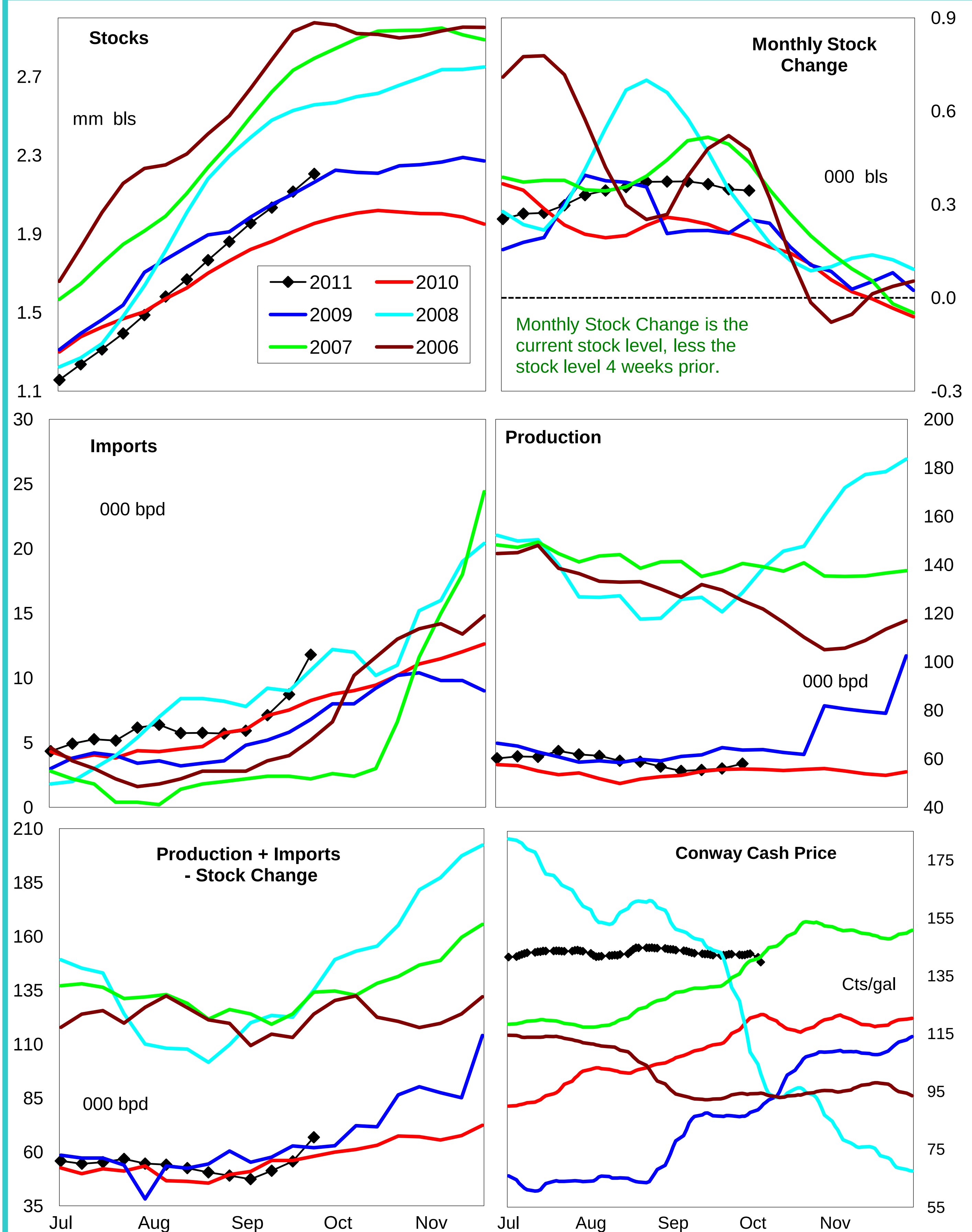
# PADDs 4 and 5 Propane Supply and Demand Balance




| 4 wk avg variance prior year | Stocks | 4wk stk | Prod | Imports | Prod + Imp - Stk chg |
|---|---|---|---|---|---|
| 000 bpd (000 bls stks) | 195 | 155 | 0 | 2 | 0 |
| % change | 9.7 | 81.2 | 0.0 | 20.6 | 0.0 |



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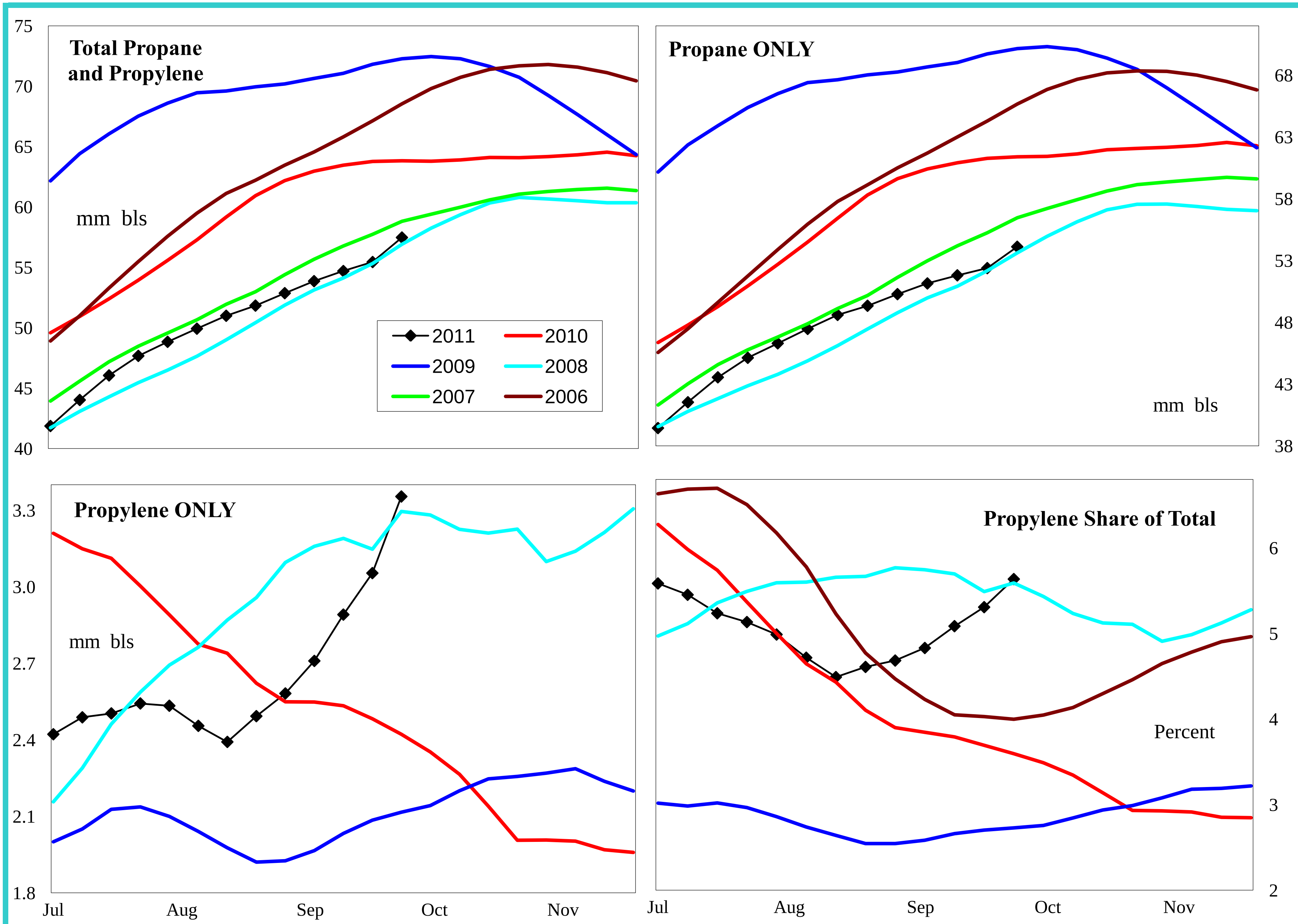
# U. S. Propane and Propylene Stocks




| Variance to prior year | Total | Propane ONLY | Propylene ONLY |
|---|---|---|---|
| 000 bls | -6,515 | -7,413 | 932 |
| % change | -10.2 | -12.0 | 38.5 |

# U. S. Petroleum Administrative for Defense Districts (PADDs)